

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

INTERNAL REVENUE CODE OF 1986

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Subtitle A—Income Taxes

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CHAPTER 1—NORMAL TAXES AND SURTAXES

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Subchapter B— Computation of Taxable Income

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PART VII—ADDITIONAL ITEMIZED DEDUCTIONS FOR INDIVIDUALS

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SEC. 219. RETIREMENT SAVINGS.

(a) * * *

(b) MAXIMUM AMOUNT OF DEDUCTION.—

(1) * * *

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(5) DEDUCTION AMOUNT.—For purposes of paragraph (1)(A)—

[(A) IN GENERAL.—The deductible amount shall be determined in accordance with the following table:

For taxable years beginning in:	The deductible amount is:
2002 through 2004	\$3,000
2005 through 2007	\$4,000
2008 and thereafter	\$5,000.

[(B) CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS 50 OR OLDER.—

[(i) IN GENERAL.—In the case of an individual who has attained the age of 50 before the close of the taxable year, the deductible amount for such taxable year shall be increased by the applicable amount.

[(ii) APPLICABLE AMOUNT.—For purposes of clause (i), the applicable amount shall be the amount determined in accordance with the following table:

[For taxable years beginning in:	The applicable amount is:
2002 through 2005	\$500
2006 and thereafter	\$1,000.]

(A) *IN GENERAL.—The deductible amount shall be \$5,000.*

(B) *CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS 50 OR OLDER.—In the case of an individual who has attained the age of 50 before the close of the taxable year, the dollar amount in effect under paragraph (1)(A) for such taxable year (determined without regard to this paragraph) shall be increased by \$1,000.*

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Subchapter D—Deferred Compensation, Etc.

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PART I—PENSION, PROFIT-SHARING, STOCK BONUS PLANS, ETC.

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Subpart A—General Rule

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SEC. 401. QUALIFIED PENSION, PROFIT-SHARING, AND STOCK BONUS PLANS.

(a) **REQUIREMENTS FOR QUALIFICATION.**—A trust created or organized in the United States and forming part of a stock bonus, pension, or profit-sharing plan of an employer for the exclusive benefit of his employees or their beneficiaries shall constitute a qualified trust under this section—

(1) * * *

* * * * *

(9) **REQUIRED DISTRIBUTIONS.**—

(A) * * *

(B) **REQUIRED DISTRIBUTION WHERE EMPLOYEE DIES BEFORE ENTIRE INTEREST IS DISTRIBUTED.**—

(i) * * *

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(iv) **SPECIAL RULE FOR SURVIVING SPOUSE OF EMPLOYEE.**—If the designated beneficiary referred to in clause (iii)(I) is the surviving spouse of the employee—

(I) the date on which the distributions are required to begin under clause (iii)(III) shall not be earlier than the date on which the employee would have attained [age 70½] *the applicable age*, and

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(C) **REQUIRED BEGINNING DATE.**—For purposes of this paragraph—

(i) IN GENERAL.—The term “required beginning date” means April 1 of the calendar year following the later of—

(I) the calendar year in which the employee attains **[age 70 ½]** *the applicable age*, or

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(ii) EXCEPTION.—Subclause (II) of clause (i) shall not apply—

(I) except as provided in section 409(d), in the case of an employee who is a 5-percent owner (as defined in section 416 with respect to the plan year ending in the calendar year in which the employee attains **[age 70 ½]** *the applicable age*, or

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[(iii) ACTUARIAL ADJUSTMENT.—In the case of an employee to whom clause (i)(II) applies who retires in a calendar year after the calendar year in which the employee attains age 70 1/2, the employee’s accrued benefit shall be actuarially increased to take into account the period after age 70 1/2 in which the employee was not receiving any benefits under the plan.]

(iii) ACTUARIAL ADJUSTMENT.—

(I) IN GENERAL.—In the case of a defined benefit plan, an employee’s accrued benefit shall be actuarially increased to take into account the period after the applicable date during which the employee was not eligible to receive any benefits under the plan.

(II) APPLICABLE DATE.—For purposes of clause (I), the term “applicable date” means the April 1st following the calendar year in which the employee attains age 70½.

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(v) *APPLICABLE AGE.—The applicable age shall be determined in accordance with the following table:*

<i>Calendar year:</i>	<i>Applicable age is:</i>
<i>2003 and 2004</i>	<i>73</i>
<i>2005 and 2006</i>	<i>74</i>
<i>2007 and thereafter</i>	<i>75.</i>

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SEC. 402. TAXABILITY OF BENEFICIARY OF EMPLOYEES’ TRUST.

(a) * * *

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(g) **LIMITATION ON EXCLUSION FOR ELECTIVE DEFERRALS.—**

(1) IN GENERAL—

(A) * * *

(B) APPLICABLE DOLLAR AMOUNT.—For purposes of subparagraph (A), the applicable dollar amount shall be **[the amount determined in accordance with the following table:**

For taxable years beginning in calendar year:	The applicable dollar amount:
2002	\$11,000
2003	\$12,000
2004	\$13,000
2005	\$14,000
2006 or thereafter	\$15,000.]
<i>\$15,000.</i>	
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SEC. 408. INDIVIDUAL RETIREMENT ACCOUNTS.

(a) * * *

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(p) SIMPLE RETIREMENT ACCOUNTS.—

(1) * * *

(2) QUALIFIED SALARY REDUCTION ARRANGEMENT.—

(A) * * *

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(E) APPLICABLE DOLLAR AMOUNT; COST-OF-LIVING ADJUSTMENT.—

(i) IN GENERAL.—For purposes of subparagraph (A)(ii), the applicable dollar amount shall be [the amount determined in accordance with the following table:

For years beginning in dollar amount:	The applicable calendar year:
2002	\$7,000
2003	\$8,000
2004	\$9,000
2005 or thereafter	\$10,000.]
<i>\$10,000.</i>	
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Subpart B—Special Rules

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SEC. 414. DEFINITIONS AND SPECIAL RULES.

(a) * * *

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(v) CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER—

(1) * * *

(2) LIMITATION ON AMOUNT OF ADDITIONAL DEFERRALS.—

(A) * * *

(B) APPLICABLE DOLLAR AMOUNT.—For purposes of this paragraph—

(i) In the case of an applicable employer plan other than a plan described in section 401(k)(11) or 408(p), the applicable dollar amount shall be [determined in accordance with the following table:

For taxable years beginning in:	The applicable dollar amount is:
2002	\$1,000
2003	\$2,000

2004	\$3,000
2005	\$4,000
2006 and thereafter	\$5,000.】

\$5,000.

(ii) In the case of an applicable employer plan described in section 401(k)(11) or 408(p), the applicable dollar amount shall be 【determined in accordance with the following table:

【For taxable years beginning in:	The applicable dollar amount is:
2002	\$500
2003	\$1,000
2004	\$1,500
2005	\$2,000
2006 and thereafter	\$2,500.】

\$2,500.

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Subchapter E—Accounting Periods and Methods of Accounting

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PART II—METHODS OF ACCOUNTING

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Subpart B—Taxable Year for Which Items of Gross Income Included

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SEC. 457. DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.

(a) * * *

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(e) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

(1) * * *

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(15) APPLICABLE DOLLAR AMOUNT.—

(A) IN GENERAL.—The applicable dollar amount shall be 【the amount determined in accordance with the following table:

【For taxable years beginning in calendar year:	The applicable dollar amount:
2002	\$11,000
2003	\$12,000
2004	\$13,000
2005	\$14,000
2006 or thereafter	\$15,000.】

\$15,000

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